

JURUPA COMMUNITY SERVICES DISTRICT
Jurupa Valley, California

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

JURUPA COMMUNITY SERVICES DISTRICT
Annual Financial Report
June 30, 2015

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jurupa Community Services District
Jurupa Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jurupa Community Services District ("District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Jurupa Community Services District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jurupa Community Services District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 16 to the basic financial statements, in 2015 the Jurupa Community Services District adopted new accounting guidance, GASB Statement No 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 12, the schedule of postemployment healthcare benefits funding progress, schedule of proportionate share of the net pension liability and schedule of pension contributions on pages 67 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assistance.

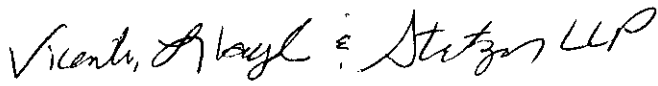
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of the management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including, comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Directors
Jurupa Community Services District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 12, 2015

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2015

The following discussion and analysis of the financial performance of the Jurupa Community Services District ("District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased \$30.4 million, or by 7.3%.
- During the year the District's revenues increased \$14.4 million or by 18.1% to \$94.2 million, while expenses decreased \$2.3 million, or 3.7% to \$58.8 million.
- Capital contributions to the District amounted to \$33.3 million.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements offer short-term and long-term financial information about its activities. The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of the following components: Basic Financial Statements, Fund Financial Statements, and Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statement themselves. For governmental funds, the fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position (page 13) includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities (page 14). This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully covered all its costs through its taxes, user fees, and other charges, and credit worthiness.

These two statements report the District's net position and changes in them. Think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position.

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2015

Government-wide Financial Statements (continued)

Statement of Net Position and Statement of Activities (continued)

Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base and the types of grants the District applies for to assess the overall financial health of the District.

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, capital, and financing activities and provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 through 66.

JURUPA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2015

Government-wide Financial Analysis

Statement of Net Position

To begin our analysis, a summary of the District's Statements of Net Position are presented in Table A-1.

TABLE A-1
Condensed Statements of Net Position
(In thousands of dollars)

	Business-			Business-		
	Governmental Activities	Type Activities	Total	Governmental Activities	Type Activities	Total
	June 30, 2015			June 30, 2014		
Assets:						
Current and other assets	\$ 23,226	\$ 165,097	\$ 188,323	\$ 20,582	\$ 164,583	\$ 185,165
Capital assets	73,937	302,280	376,217	73,870	282,757	356,627
Total Assets	97,163	467,377	564,540	94,452	447,340	541,792
Deferred outflows of resources:						
Amount deferred pension obligation	724	2,910	3,634	-	-	-
Amount deferred on refunding	-	673	673	-	700	700
Total Deferred Outflow	724	3,583	4,307	-	700	700
Liabilities:						
Long-term debt outstanding	\$ -	\$ 68,763	\$ 68,763	\$ -	\$ 74,009	\$ 74,009
Other liabilities	3,138	45,583	48,721	3,247	46,037	49,284
Total Liabilities	3,138	114,346	117,484	3,247	120,046	123,293
Deferred inflows of resources:						
Amount deferred pension obligation	346	1,388	1,734	-	-	-
Amount deferred on refunding	-	342	342	-	355	355
Total Deferred Inflows	346	1,730	2,076	-	355	355
Net Assets:						
Net investment in capital assets	\$ 73,937	\$ 231,907	\$ 305,844	\$ 73,870	\$ 223,494	\$ 297,364
Restricted	20,466	63,761	84,227	17,335	67,618	84,953
Unrestricted	-	59,216	59,216	-	36,526	36,526
Total Net Position	\$ 94,403	\$ 354,884	\$ 449,287	\$ 91,205	\$ 327,638	\$ 418,843

Note: Prior year has not been restated for the implementation of new accounting standards.

Assets

Total assets increased by \$22.8 million, or 4.2% for the fiscal year ended June 30, 2015. This increase was due to several factors including a \$24.1 million, or 6.9% net increase in capital assets and a small offsetting decrease in current and other assets of \$1.4 million or .7%. The \$24.1 million increase in capital assets is from construction expenditures primarily related to the following: Regional Force Main to Riverside (\$7.6 million), Area B – Master Plan Sewer in Bellgrave (\$7.5 million), Jurupa Trunk – Upstream (\$3.3 million), River Road Lift Station (\$3.2 million), Chino Expansion Construction (\$1.9 million) and various capital projects (\$.6 million). Additional information regarding capital assets can be found in Note 6 of the Notes to the Basic Financial Statements.

JURUPA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2015

Government-wide Financial Analysis (continued)

Liabilities

Total liabilities decreased by \$5.8 million, or 4.7% for the fiscal year ended June 30, 2015. This change was primarily due to a decrease of \$3.9 million in the governmental and business activities, and a \$1.8 million decrease in Long-term debt outstanding in the business-type activities. The decrease of \$3.9 million is primarily due to a \$7.7 million decrease in customer deposits, retentions and advances and a \$3.0 million decrease in accounts payable and accrued expenses; this \$10.7 million decrease was offset by a \$5.8 million increase in net pension liability due to the implementation of GASB 68 for FYE 6/30/2015 and an approximate \$1.0 million increase in compensated absences and net OPEB obligation. There is also an additional decrease in long-term debt of \$1.9 million, due to normal debt payments in the business-type activities. Information on the Districts long-term debt activities can be found in Note 9 of the Notes to Basic Financial Statements.

Net Position

Net Position is the difference between the District's assets and liabilities. Net position increased during fiscal year 2015 by \$30.4 million, or 7.3%. The District's net position is made up of three components: (1) net investment in capital assets, (2) restricted net position and (3) unrestricted net position.

1. Net investment in Capital Assets increased \$8.4 million, or 2.9% for the fiscal year ended June 30, 2015. The business-type activities increased \$8.4 million due to construction projects.
2. Restricted Net Position decreased \$.7 million or .9% for the fiscal year ended June 30, 2015. This is primarily due to an increase of \$3.1 million in governmental activities offset by a decrease of \$3.8 million in business-type activities to fund facility fee designated construction projects.
3. Unrestricted Net Position increased \$22.7 million, or 62.1% for the fiscal year ended June 30, 2015. This is primarily due to an increase of \$22.7 million in the business-type activities due to reimbursements of construction projects.

JURUPA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2015

Government-wide Financial Analysis (continued)

Statement of Activities

The following Table A-2 is a summary of the statement of activities for the years ended June 30, 2015 and June 30, 2014.

TABLE A-2
Condensed Statement of Activities
(In thousands of dollars)

	Business-			Business-		
	Governmental Activities	Type Activities	Total	Governmental Activities	Type Activities	Total
	June 30, 2015			June 30, 2014		
Revenues						
Program revenues:						
Charges for services	\$ 10,002	\$ 47,650	\$57,652	\$ 9,117	\$ 47,992	\$57,109
Capital contributions and grants	7,106	26,249	33,355	5,941	13,106	19,047
General revenues:						
Property taxes	299	2,444	2,743	356	2,273	2,629
Interest earnings	178	350	528	76	944	1,020
Total Revenues	<u>\$ 17,585</u>	<u>\$ 76,693</u>	<u>\$94,278</u>	<u>\$ 15,490</u>	<u>\$ 64,315</u>	<u>\$79,805</u>
Program expenses:						
Eastvale parks	\$ 11,752		\$11,752	\$ 13,156		\$13,156
Graffiti abatement	340	-	340	369	-	369
Illumination District No 2	268	-	268	305	-	305
Landscape & lighting	1,021	-	1,021	1,015	-	1,015
Water	-	29,437	29,437	-	30,178	30,178
Wastewater	-	15,968	15,968	-	16,053	16,053
Total Program Expenses	<u>\$ 13,381</u>	<u>\$ 45,405</u>	<u>\$58,786</u>	<u>\$ 14,845</u>	<u>\$ 46,231</u>	<u>\$61,076</u>

Note: Prior year has not been restated for the implementation of new accounting standards.

Total revenues for the fiscal year ended June 30, 2015 increased by \$14.4 million, or by 18.1% from fiscal year 2014. This is primarily due to an increase in contributed capital.

Program Revenues

Charges for services increased as of June 30, 2015 by \$.5 million, or 1%. Water and Wastewater sales remained fairly flat over the prior year decreasing slightly by \$.3 million; this was due to anticipated conservation offset by modest rate increases in January 2015. Non-operating revenue decreased \$.7 million; the effect was a net decrease in business-type activities of \$.4 million. The District's governmental funds had an increase of \$.9 million due to an increase in recreation programs and special assessments.

JURUPA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2015

Government-wide Financial Analysis (continued)

Program Revenues (continued)

Capital contributions and grants increased by \$14.3 million, or by 75.1% during the fiscal year ended June 30, 2015. This primarily due to an increase in contributed capital of \$13.1 million in capital contributions and facility fees in the business-type activities; this is a result of the District receiving contributed capital from a developer reimbursed project for the sewer fund in the amount of \$9.0 million and an increase in facility fees in business-type activities of \$5.1 million over FY 14. Governmental activities increased \$1.2 million due to an increase in contributed capital from bond proceeds.

General Revenues

Property taxes slightly increased by \$.2 million in business-type activities as of June 30, 2015. This is primarily due to property values increasing as economic recovery occurs. Property taxes in the Governmental Funds decreased \$.05 million due to a decrease in transfers of taxes to the Graffiti fund. Interest earnings decreased by \$.5 million in all funds as of June 30, 2015.

Program Expenses

Total expenses decreased \$2.3 million, or 3.8%, for the year ended June 30, 2015. The decrease in expenses is primarily a result of the District's decreased costs in operations.

Eastvale Park's expenses decreased \$1.4 million due to a decrease in operating costs, primarily water expenses and a one-time expense related to a developer reimbursement for construction costs incurred by the developer for a District park. Landscape and Lighting district expenses decreased less than \$.1 million due to a decrease in operating costs.

Business-type activities decreased expenses by \$.8 million due to a decrease in operating costs.

JURUPA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2015

Capital Asset Administration

At the end of 2015, the District has invested \$484.8 million in a broad range of infrastructure as shown in Table A-3.

TABLE A-3
Capital Assets
(In thousands of dollars)

	Business-			Business-		
	Governmental	Type	Total	Governmental	Type	Total
Activities	Activities	Activities		Activities	Activities	
	June 30, 2015			June 30, 2014		
Land and land rights	\$ 25,836	\$ 5,027	\$ 30,863	\$ 25,292	\$ 5,027	\$ 30,319
Construction in progress	9,173	93,144	102,317	8,339	79,859	88,198
Land improvements	17,302	1,104	18,406	16,929	1,166	18,095
Structures and equipment	21,626	56,034	77,660	23,310	52,131	75,441
Water transmission & distribution		73,793	73,793		76,197	76,197
Wastewater collection system		66,291	66,291		58,217	58,217
Vehicles and equipment		6,887	6,887		5,624	5,624
Total Capital Assets	<u>\$ 73,937</u>	<u>\$ 302,280</u>	<u>\$ 376,217</u>	<u>\$ 73,870</u>	<u>\$ 278,221</u>	<u>\$ 352,091</u>

At the end of fiscal year 2015, the District's investment in capital assets amounted to \$376.2 million (net of accumulated depreciation). This investment in capital assets includes, land, buildings, building improvements, furnishings and equipment, collection and distribution systems, tanks, wells, water transmission and distribution systems and construction-in-process. The increase in the District's capital assets is primarily due to an increase in construction-in-process which consists of the Chino II Expansion and Wells 27 and 28 construction projects in water. In sewer the increase in construction-in-process is due to the Regional Force Main to Riverside, the Jurupa Trunk Sewer, Area B – Master Plan Sewer in Bellgrave and the Clay Street Grade Separation. The governmental activities increase in construction-in-process is due to the Eastvale Community Park Phases I and II. More information about the District's Capital assets is presented in Note 6 of the Notes to the Basic Financial Statements and on page 6 of Management's Discussion and Analysis.

JURUPA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2015

Long Term Debt Administration

TABLE A-4
Long-Term Debt
(In thousands of dollars)

	Business-			Business-		
	Governmental	Type	Total	Governmental	Type	Total
	Activities	Activities		Activities	Activities	
	June 30, 2015			June 30, 2014		
Compensated absences	\$ 163	\$ 756	\$ 919	\$ 144	\$ 665	\$ 809
Other post employment benefits	763	3,152	3,915	622	2,717	3,339
Long-term debt		68,763	68,763		70,627	70,627
Net pension liability	1,154	4,639	5,793	-	-	-
Total Long-term Liabilities	\$ 2,080	\$ 77,310	\$79,390	\$ 766	\$ 74,009	\$74,775

During the year, the District's long-term debt increased \$4.6 million or by 6.1%. The increase is primarily due to the implementation of GASB 68 for the FYE 2015. GASB 68 requires the District to recognize the District's proportionate share of the net pension liability, pension expense, deferred inflow of resources and a deferred outflow of resources for the plan the District has with the California Public Employees' Retirement System (CalPERS), the District's retirement system. The District's net pension liability is \$5.8 million as of June 30, 2015. There was also an additional increase of \$.1 million in compensated absences and \$.6 million in other post-employment benefits liability. This total increase of \$6.5 million is offset by a decrease of \$1.9 million due to normal debt payments for the business-type activities. Additional information on long-term debt is presented in Note 9 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The District has experienced moderate growth which is expected to continue over the next 5-7 years and will possibly grow at a more rapid pace as the economy recovers. This growth will further create demand for water supply and additional capital facilities. These demands have been anticipated in the District's capital improvement plan with new supply demands being addressed in the District's 2010 Urban Water Management Plan. The District is concluding a facility fee study in FY 2015-2016 to assist the District in allowing adequate revenue to cover capital costs due to the anticipated growth in the area over the next 5-7 years. This increase will assist the District in addressing future cost increases in water supply, power, labor and maintenance for the Water and Sewer enterprises.

The District is also anticipating experiencing some reduction in revenues in FY 2015-16 due to the State's mandate for the District to reduce water production by 28% through February 2016. The District's rate structure has a fixed component that helps create revenue stability during periods of prolonged conservation. The District also reduced expenses during the FY 2015-2016 budget process and is continuing to implement cost saving measures to help insulate the District from reductions in revenue due to the effects of conservation.

JURUPA COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2015

Contacting the District's Financial Management

This financial report is designed to provide our customers and creditors with a general overview of the District finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Finance Department, 11201 Harrel Street, Jurupa Valley, California 91752 or (951) 685-7434.

BASIC FINANCIAL STATEMENTS

JURUPA COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 3,210,457	\$ 79,506,101	\$ 82,716,558
Restricted - cash and cash equivalents (Note 2)	14,112,860	13,835,945	27,948,805
Restricted - investments (Note 2)		56,349,453	56,349,453
Accrued interest receivable	14,456	130,102	144,558
Accounts receivable - utilities, net (Note 3)		5,018,994	5,018,994
Accounts receivable - governmental agencies		2,274,110	2,274,110
Accounts receivable - developers and others		1,004,260	1,004,260
Property taxes and assessments receivables	5,882,215	99,555	5,981,770
Inventory, prepaid expenses and other assets (Note 4)	6,019	2,417,807	2,423,826
Total Current Assets	<u>23,226,007</u>	<u>160,636,327</u>	<u>183,862,334</u>
Non-current assets:			
Investment in WRCRWA, net (Note 5)		4,461,622	4,461,622
Capital assets - not being depreciated (Note 6)	35,009,105	98,170,170	133,179,275
Capital assets - being depreciated, net (Note 6)	38,927,772	204,109,482	243,037,254
Total Non-Current Assets	<u>73,936,877</u>	<u>306,741,274</u>	<u>380,678,151</u>
Total Assets	<u>97,162,884</u>	<u>467,377,601</u>	<u>564,540,485</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount pension obligation	724,255	2,910,446	3,634,701
Deferred amount on refunding		672,490	672,490
Total Deferred Outflow	<u>724,255</u>	<u>3,582,936</u>	<u>4,307,191</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	647,959	5,564,660	6,212,619
Accrued wages and related payables	115,379	249,230	364,609
Customer deposits, retentions and advances (Note 7)	239,425	28,323,630	28,563,055
Accrued interest on long-term debt		921,805	921,805
Compensated absences - current (Note 8)	54,500	251,983	306,483
Bonds payable - current (Note 9)		1,340,000	1,340,000
Loans payable - current (Note 9)		385,662	385,662
Total Current Liabilities	<u>1,057,263</u>	<u>37,036,970</u>	<u>38,094,233</u>
Noncurrent liabilities:			
Compensated absences (Note 8)	163,500	755,949	919,449
Net OPEB obligation (Note 10)	763,373	3,151,464	3,914,837
Bonds payable (Note 9)		61,602,605	61,602,605
Loans payable (Note 9)		7,160,175	7,160,175
Net pension liability (Note 15)	1,154,404	4,638,916	5,793,320
Total Noncurrent Liabilities	<u>2,081,277</u>	<u>77,309,109</u>	<u>79,390,386</u>
Total Liabilities	<u>3,138,540</u>	<u>114,346,079</u>	<u>117,484,619</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount pension obligation	345,528	1,388,491	1,734,019
Deferred amount on refunding		341,562	341,562
Total Deferred Inflow	<u>345,528</u>	<u>1,730,053</u>	<u>2,075,581</u>
NET POSITION			
Net investment in capital assets (Note 11)	73,936,877	231,907,024	305,843,901
Restricted (Note 12)	20,466,194	63,760,491	84,226,685
Unrestricted (Note 13)		59,216,890	59,216,890
Total Net Position	<u>\$ 94,403,071</u>	<u>\$ 354,884,405</u>	<u>\$ 449,287,476</u>

See independent auditor's report and accompanying notes to financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Eastvale parks	\$ 11,751,955	\$ 8,501,174	\$ 7,106,361	\$ 3,855,580	\$	\$ 3,855,580
Graffiti abatement	340,051	122,356		(217,695)		(217,695)
Illumination District No. 2	268,044	210,924		(57,120)		(57,120)
Landscape and lighting	1,021,114	1,167,632		146,518		146,518
Total Governmental	<u>13,381,164</u>	<u>10,002,086</u>	<u>7,106,361</u>	<u>3,727,283</u>	<u>-</u>	<u>3,727,283</u>
Business-type activities:						
Water	29,436,902	31,079,259	10,834,476		12,476,833	12,476,833
Wastewater	15,968,551	16,571,361	15,414,944		16,017,754	16,017,754
Total Business-Type	<u>45,405,453</u>	<u>47,650,620</u>	<u>26,249,420</u>	<u>-</u>	<u>28,494,587</u>	<u>28,494,587</u>
Total	<u>\$ 58,786,617</u>	<u>\$ 57,652,706</u>	<u>\$ 33,355,781</u>	<u>3,727,283</u>	<u>28,494,587</u>	<u>32,221,870</u>
General Revenues:						
Property taxes				298,768	2,443,908	2,742,676
Interest earnings				177,633	350,102	527,735
Total General Revenues				<u>476,401</u>	<u>2,794,010</u>	<u>3,270,411</u>
Change in Net Position				<u>4,203,684</u>	<u>31,288,597</u>	<u>35,492,281</u>
Net Position, Beginning of Year, as previously reported				91,205,234	327,637,753	418,842,987
Cumulative effect of change in accounting principal (Note 16)				(1,005,847)	(4,041,945)	(5,047,792)
Net Position, Beginning of Year, after cumulative effect				<u>90,199,387</u>	<u>323,595,808</u>	<u>413,795,195</u>
Net Position at End of Year				<u>\$ 94,403,071</u>	<u>\$ 354,884,405</u>	<u>\$ 449,287,476</u>

See independent auditor's report and accompanying notes to financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2015**

	Eastvale Parks	Graffiti Abatement	Illumination District No. 2	Landscape and Lighting	Total Governmental Activities
ASSETS					
Cash and cash equivalents	\$ 200	\$ 442,231	\$ 315,580	\$ 2,452,446	\$ 3,210,457
Restricted - cash and cash equivalents	14,112,860				14,112,860
Accrued interest receivable	14,456				14,456
Property taxes and assessments receivable	5,841,842	16,667	5,152	18,554	5,882,215
Prepaid expenses and other assets	6,019				6,019
Total Assets	<u>\$ 19,975,377</u>	<u>\$ 458,898</u>	<u>\$ 320,732</u>	<u>\$ 2,471,000</u>	<u>\$ 23,226,007</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 592,385	\$ 8,241	\$ 2,966	\$ 44,365	\$ 647,957
Accrued wages and related payables	115,379				115,379
Customer deposits	239,425				239,425
Total Liabilities	<u>947,189</u>	<u>8,241</u>	<u>2,966</u>	<u>44,365</u>	<u>1,002,761</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	5,189,680	-	-	-	5,189,680
Total Deferred Inflows of Resources	<u>5,189,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,189,680</u>
FUND BALANCE					
Nonspendable	6,019				6,019
Restricted for:					
Eastvale Parks	13,832,489				13,832,489
Graffiti Abatement		450,657			450,657
Illumination District No. 2			317,766		317,766
Landscape and lighting				2,426,635	2,426,635
Total Fund Balances	<u>13,838,508</u>	<u>450,657</u>	<u>317,766</u>	<u>2,426,635</u>	<u>17,033,566</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,975,377</u>	<u>\$ 458,898</u>	<u>\$ 320,732</u>	<u>\$ 2,471,000</u>	<u>\$ 23,226,007</u>

See independent auditor's report and accompanying notes to financial statements.

JURUPA COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015

Fund Balances of Governmental Funds	\$ 17,033,566
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resource and, therefore, are not reported in the funds. The cost of the assets is \$ 95,649,888 and the accumulated depreciation is \$21,713,011. The net value of capital assets is -</p>	73,936,877
<p>Certain revenues are not available to pay for current period expenditures and are therefore reported as unavailable revenue in governmental funds.</p>	5,189,680
<p>Pension contributions made during the fiscal year are removed from fund expenses and are recorded as a deferred outflow of resources. This amount will be recognized as a reduction of the net pension liability in the subsequent year.</p>	724,255
<p>Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:</p>	
Net pension liability	(1,154,404)
Compensated absences	(218,000)
Other post-employment benefits payable	(763,375)
Deferred inflows on pension obligations	(345,528)
	94,403,071
Net Position of Governmental Activities	\$ 94,403,071

See independent auditor's report and accompanying notes to financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2015

	Eastvale Parks	Graffiti Abatement	Illumination District No. 2	Landscape and Lighting	Total Governmental Activities
REVENUES					
Property tax	\$	\$ 224,788	74,000	\$	\$ 298,788
Special assessments	6,914,492		210,924	1,142,591	8,268,007
Charges for services	1,602,307	122,356		25,041	1,749,704
Capital grants and contributions	6,997,463				6,997,463
Interest	177,633				177,633
Total Revenues	15,691,895	347,144	284,924	1,167,632	17,491,595
EXPENDITURES					
Current:					
Eastvale parks	8,602,426				8,602,426
Graffiti abatement		340,051			340,051
Illumination District No. 2			268,044		268,044
Landscape and lighting				1,021,114	1,021,114
Capital outlay	3,295,125				3,295,125
Total Expenditures	11,897,551	340,051	268,044	1,021,114	13,526,760
Change in Fund Balances	3,794,344	7,093	16,880	146,518	3,964,835
Fund Balance, Beginning of Year	10,044,164	443,564	300,886	2,280,117	13,068,731
Fund Balance, End of Year	\$ 13,838,508	\$ 450,657	\$ 317,766	\$ 2,426,635	\$ 17,033,566

See independent auditor's report and accompanying notes to financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 3,964,835
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:	
Capital outlay, net of deletions	3,295,125
Depreciation expense	(3,228,252)
Certain revenues will be available after year end, but are not available to pay for current period expenditures and are therefore reported as unavailable revenue in governmental funds. This amount represents the change in unavailable revenue.	
	108,898
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds as follows:	
Net change in compensated absences for the current period	(25,903)
Net change in other post-employment benefits payable for the current period	(141,189)
Net change in pension obligations for the current period	<u>230,170</u>
Change in Net Position of Governmental Activities	<u>\$ 4,203,684</u>

See independent auditor's report and accompanying notes to financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF FUND NET POSITION – ENTERPRISE FUNDS
June 30, 2015**

	Water	Wastewater	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 54,999,826	\$ 24,506,275	\$ 79,506,101
Restricted - cash and cash equivalents	6,229,608	7,606,337	13,835,945
Restricted - investments	25,472,240	30,877,213	56,349,453
Accrued interest receivable	96,854	33,248	130,102
Accounts receivable - utilities, net	3,265,333	1,753,661	5,018,994
Accounts receivable - governmental agencies	35,703	2,238,407	2,274,110
Accounts receivable - developers and others	490,592	513,668	1,004,260
Property taxes and assessments receivable		99,555	99,555
Prepaid expenses and other assets	2,403,962	13,845	2,417,807
Total Current Assets	92,994,118	67,642,209	160,636,327
Noncurrent assets:			
Investment in WRCRWA, net		4,461,622	4,461,622
Capital assets - not being depreciated	57,040,919	41,129,251	98,170,170
Capital assets - being depreciated, net	117,938,614	86,170,868	204,109,482
Total Noncurrent Assets	174,979,533	131,761,741	306,741,274
Total Assets	267,973,651	199,403,950	467,377,601
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount pension obligation	2,142,612	767,834	2,910,446
Deferred amount on refunding	672,490		672,490
Total Deferred Outflow	2,815,102	767,834	3,582,936
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	2,481,978	3,082,682	5,564,660
Accrued wages and related payables	155,960	93,270	249,230
Customer deposits, retentions and advances	26,392,031	1,931,599	28,323,630
Accrued interest payable	421,132	500,673	921,805
Compensated absences - current	186,758	65,225	251,983
Bonds payable - current	590,000	750,000	1,340,000
Loans payable - current		385,662	385,662
Total Current Liabilities	30,227,859	6,809,111	37,036,970
Noncurrent liabilities:			
Compensated absences	560,273	195,676	755,949
Net OPEB obligation	2,164,299	987,165	3,151,464
Bonds payable	27,897,392	33,705,213	61,602,605
Loans payable	175,899	6,984,276	7,160,175
Net pension liability	3,415,077	1,223,839	4,638,916
Total Noncurrent Liabilities	34,212,940	43,096,169	77,309,109
Total Liabilities	64,440,799	49,905,280	114,346,079
DEFERRED INFLOWS OF RESOURCES			
Deferred amount pension obligation	1,022,179	366,312	1,388,491
Deferred amount on refunding		341,562	341,562
Total Deferred Inflow	1,022,179	707,874	1,730,053
NET POSITION			
Net investment in capital assets	146,989,310	84,917,714	231,907,024
Restricted	28,838,172	34,922,319	63,760,491
Unrestricted	29,498,293	29,718,597	59,216,890
Total Net Position	\$ 205,325,775	\$ 149,558,630	\$ 354,884,405

See independent auditor's report and accompanying notes to financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION – ENTERPRISE FUNDS
For the Year Ended June 30, 2015**

	Water	Wastewater	Total
Operating revenues:			
Water consumption sales	\$ 16,639,381	\$	\$ 16,639,381
Monthly meter service charge	13,250,721		13,250,721
Sewer service charges		16,523,992	16,523,992
Other charges and services	1,145,216		1,145,216
Total Operating Revenue	31,035,318	16,523,992	47,559,310
Operating expenses:			
Source of supply	11,665,300		11,665,300
Pumping	352,476		352,476
Water treatment	2,525,369		2,525,369
Transmission and distribution	2,773,225		2,773,225
Sewage collection		2,021,785	2,021,785
Sewage treatment		6,295,203	6,295,203
Customer service	1,452,429	363,107	1,815,536
General administrative	5,879,761	3,743,710	9,623,501
Operations and maintenance	186,178	9,592	195,770
Total Operating Expenses	24,834,738	12,433,397	37,268,165
Operating income before depreciation	6,200,580	4,090,595	10,291,175
Depreciation	(4,469,698)	(3,163,704)	(7,633,402)
Operating Income	1,730,882	926,891	2,657,773
Non-operating revenues (expenses)			
Property tax revenue		2,443,908	2,443,908
Investment earnings	240,576	109,526	350,102
Interest expense	(132,466)	(371,450)	(503,916)
Other non-operating revenues (expenses), net	43,941	47,369	91,310
Total Non-Operating Revenues (Expenses), net	152,051	2,229,353	2,381,404
Income Before Capital Contributions	1,882,933	3,156,244	5,039,177
Capital contributions:			
Facility fees	7,442,427	5,995,694	13,438,121
Contributions in aid of construction	3,392,049	9,419,250	12,811,299
Capital Contributions	10,834,476	15,414,944	26,249,420
Change in Net Position	12,717,409	18,571,188	31,288,597
Net Position, Beginning of Year, as previously reported	195,583,965	132,053,788	327,637,753
Cumulative effect of change in accounting principle (Note 16)	(2,975,599)	(1,066,346)	(4,041,945)
Net Position, Beginning of Year, after cumulative effect	192,608,366	130,987,442	323,595,808
Net Position, End of Year	\$ 205,325,775	\$ 149,558,630	\$ 354,884,405

See independent auditor's report and accompanying notes to financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
For the Year Ended June 30, 2015**

	Water	Wastewater	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 25,735,886	\$ 15,875,301	\$ 41,611,187
Cash paid to vendors and suppliers	(25,808,996)	(13,878,630)	(39,687,626)
Net cash provided by (used in) operating activities	(73,110)	1,996,671	1,923,561
Cash flows from non-capital financing activities:			
Proceeds from property taxes		2,455,519	2,455,519
Other non-operating revenues	43,941	47,369	91,310
Net cash provided by non-capital financing activities	43,941	2,502,888	2,546,829
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(10,765,148)	(19,096,535)	(29,861,683)
Advance payments from Community Facility Districts	7,593,479	3,757,287	11,350,766
Contributions in aid of construction	3,478,899	9,388,394	12,867,293
Principal payments on long-term debt	(689,417)	(1,120,937)	(1,810,354)
Interest payments on long-term debt	(1,109,042)	(977,375)	(2,086,417)
Net cash used for capital and financing activities	(1,491,229)	(8,049,166)	(9,540,395)
Cash flows from investing activities:			
(Purchases)/sales of investments	(724,531)	213,608	(510,923)
Interest earnings	54,729	128,314	183,043
Net cash provided by (used in) investing activities	(669,802)	341,922	(327,880)
Net decrease in cash and cash equivalents	(2,190,200)	(3,207,685)	(5,397,885)
Cash and cash equivalents, beginning of year	63,419,634	35,320,297	98,739,931
Cash and cash equivalents, end of year	\$ 61,229,434	\$ 32,112,612	\$ 93,342,046
Reconciliation of cash and cash equivalents to statement of financial position:			
Cash and cash equivalents	\$ 54,999,826	\$ 24,506,275	\$ 79,506,101
Restricted assets - cash and cash equivalents	6,229,608	7,606,337	13,835,945
Total Cash and Cash Equivalents	\$ 61,229,434	\$ 32,112,612	\$ 93,342,046
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 1,730,882	\$ 926,891	\$ 2,657,773
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	4,469,698	3,163,704	7,633,402
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable - utilities, net	682,950	(34,823)	648,127
Accounts receivable - governmental agencies			
Prepaid expenses and other deposits	594,675	3,655	598,330
(Increase) decrease in liabilities:			
Accounts payable and accrued expenses	(1,243,147)	(1,487,252)	(2,730,399)
Accrued wages and related payable	34,779	48,259	83,038
Customer deposits, deferred revenue and advances	(5,982,382)	(613,868)	(6,596,250)
Compensated absences	65,522	54,912	120,434
Other post-employment benefits payable	254,868	179,222	434,090
Pension liability	(680,955)	(244,029)	(924,984)
Total Adjustments	(1,803,992)	1,069,780	(734,212)
Net cash provided by operating activities	\$ (73,110)	\$ 1,996,671	\$ 1,923,561

See independent auditor's report and accompanying notes to financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	<u>Community Facilities Districts Agency Fund</u>
ASSETS	
Cash and investments	<u>\$ 120,957,637</u>
 LIABILITIES	
Due to bondholders	\$ 114,233,082
Due to JCSD	<u>6,724,555</u>
Total Liabilities	<u>\$ 120,957,637</u>

See independent auditor's report and accompanying notes to financial statements

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Jurupa Community Services District (“District”) is a special governmental district formed to provide water distribution and wastewater collection and distribution for consumers within its service area. In addition, the District provides street lighting, landscape and park maintenance services. The District is governed by a five-member Board of Directors who serve four-year terms and are elected at large. The Directors entrust the responsibility for the efficient execution of District policies to their designated representative, the General Manager.

The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable and there is a financial benefit or burden relationship between the District and component unit. Additionally, blending would be appropriate if the component unit provides services entirely, or almost entirely, to the District or for the benefit of the District. Lastly, if the component units’ total debt outstanding is expected to be repaid with District resources, blending is also appropriate for the component unit. The District has the following blended component unit.

The Jurupa Public Facilities Corporation (“Corporation”) was formed in 1990 to assist the District in the acquisition of additional wastewater disposal and treatment capacity. Under an installment purchase agreement, the District purchased the capacity from the Corporation and is required to make payments to the Corporation, which is sufficient to meet debt service requirements on Certificates of Participation issued by the Corporation. Based on this special financing relationship, the accounts and transactions of the Corporation have been included in these financial statements using the blended method.

The *basic financial statements* of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Organization and Operations of the Reporting Entity (continued)

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the operating expenses of a given function are offset by operating revenues. Operating expenses are those that are clearly identifiable with a specific function. Charges for services include revenues from customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by the District. Contributed capital and capital grants are included as capital contributions. Property taxes and interest earnings not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide Financial Statements.

Governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues, subject to accrual (generally 60 days after the year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Basis of Accounting and Measurement Focus

The accrual basis of accounting is followed by the proprietary enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset created, such as, unbilled but utilized utility services are recorded at year end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues and expenses, such as water sales, wastewater service, solid waste collection and purchases of water, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories, such as interest income and interest expense, are reported as non-operating revenues and expenses.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Basis of Accounting and Measurement Focus (continued)

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category, governmental, proprietary, and fiduciary, are presented even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds. A fund is considered major if it is the primary operation fund of the District or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- c) The entity has determined that a fund is important to the financial statement user.

The funds of the financial reporting entity are described below:

Governmental Funds

The District reports the following capital project funds:

Eastvale Parks – This fund is used to account for the Eastvale parks special assessment revenue and facility fees restricted for Eastvale park maintenance.

Graffiti Abatement – This fund is used to account for the Eastvale parks special assessment revenue restricted for Eastvale park maintenance to be used for graffiti abatement activities within the District and the allocation of property taxes to fund those activities.

Illumination District No. 2 – This fund is used to account for the revenues received from property taxes and special assessments restricted for Illumination District No. 2.

Landscape and Lighting – This fund is used to account for the revenues received from special assessment revenue restricted for the Landscape and Lighting Districts 91-1, 98-1, 98-2, 2001-1, 2001-2, 2001-3 and 2003-1.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of Accounting and Measurement Focus (continued)

Enterprise Funds

Water – This fund accounts for the water transmission and distribution operations of the District.

Wastewater – This fund accounts for the wastewater service operations of the District.

Fiduciary Fund

Community Facilities Districts Agency Fund – This fund is used to account for receipts and disbursements associated with community facilities districts, which are administered by, but are not the liability of the District.

New Accounting Pronouncements

GASB Statement No. 72 – Fair Value Measurement and Application

This statement was issued in February 2015 and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements by establishing a hierarchy of inputs to valuation techniques used to measure fair value. The statement is effective for the fiscal year 2015-16.

GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

This statement was issued in June 2015 and extends the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. The object is to provide information about financial support provided by certain non-employer entities for pensions that are provided to the employees of other entities and that are not within the scope of Statement No. 68 and to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. The statement is effective for the fiscal year 2015-16 except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for the fiscal year 2016-17.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

This statement was issued in June 2015 and establishes standards of financial reporting for defined benefit OPEB plans and defined contribution OPEB plans. This statement is closely related in some areas to GASB Statement No. 75. The statement is effective for the fiscal year 2016-17.

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This statement was issued in June 2015 and establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. The statement also establishes requirements for reporting information about financial support provided by certain non-employer entities for OPEB that is provided to the employees of other entities. This statement is closely related in some areas to GASB Statement No. 74. The statement is effective for the fiscal year 2017-18.

GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

This statement was issued in June 2015 and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement is effective for the fiscal year 2015-16.

GASB Statement No. 77 – Tax Abatement Disclosures

This statement was issued in August 2015 and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The statement is effective for the fiscal year 2016-17.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Financial Statement Elements

Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at fair value. The District has adopted an investment policy directing the District's Director of Finance to deposit funds and to purchase investments.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management believes all of these amounts are collectible; therefore, no provisions for uncollectible accounts were recorded.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pensions resulted from District contributions to employee pension plan subsequent to the measurement date of the actuarial valuations for the pension plans. The deferred outflows – pension contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The District also reports the deferred loss on refunding in the Water Fund as a deferred outflow of resources.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Financial Statement Elements (continued)

Property Taxes and Assessments

The Riverside County Assessor’s Office assesses all real and personal property within the County each year. The Riverside County Tax Collector’s Office bills and collects the District’s share of property taxes and/or tax assessments. The Riverside County Treasurer’s Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (one percent) of countywide assessed valuations.

Property taxes and assessments receivable at year-end are related to property taxes and special assessments collected by the Riverside County, which have not been credited to the District’s cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Delinquent dates	December 10 and April 10

Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Water-In Storage Inventory

The District is utilizing two water storage programs implemented by the Chino Basin Watermaster to pre-purchase water at discounted rates. Water is valued at cost on a first-in-first-out basis. The amount recorded as water in storage is based on an estimate of the number of acre feet available to the District since the Chino Basin Watermaster does not perform a final reconciliation of the water storage programs until after the fiscal year end.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Financial Statement Elements (continued)

Restricted Assets

The District holds certain assets, which have been restricted by bond covenants or are to be used for specified purposes such as servicing debt or construction of plant assets.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost including capitalized interest. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Governmental Activities

- Land improvements – 30 years
- Structures and equipment – 3 to 30 years

Business-Type Activities

- Land improvements – 30 years
- Structures and improvements – 5 to 30 years
- Water transmission and distribution systems – 45 to 75 years
- Wastewater collection systems – 45 to 75 years
- Vehicles and equipment – 5 to 30 years

Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Financial Statement Elements (continued)

Net Pension Obligation

For purposes of measuring the net pension obligation and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflow of resources – pensions, results from the difference between the estimated and actual return on pension plan investments. This amount is deferred and amortized over 3.8 years. The District also reports the deferred gain on refunding in the Wastewater Fund as deferred inflows of resources.

Net Position/Fund Balances

Net Position

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- **Net Investment in Capital Assets:** This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Position:** This component of net position consists of externally constrained resources imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position:** This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Financial Statement Elements (continued)

Net Position/Fund Balances (continued)

It is government's policy to consider restricted – net position to have been depleted before unrestricted net position is applied.

Fund Balance

The following definitions and classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** Resources that are 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment.
- **Restricted:** Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Resources that are constrained to specific purposes by a formal action of the Board of Directors such as an ordinance or resolution. The constraints remain binding unless removed in the same formal manner by the Board of Directors. Board action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- **Assigned:** Resources that are constrained by the District's intent to be used for specific purposes, but that are neither restricted nor committed.
- **Unassigned:** The unassigned classification is to be used when there are negative residual resources in excess of what can be properly classified as nonspendable, restricted, committed or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District's policy is to first apply unrestricted fund balance. Within the unrestricted classification, the District's policy is to first apply unassigned, then assigned and then committed.

Utility Sales

Utility sales are billed on a monthly basis. Estimated unbilled revenue through June 30 has been accrued at year-end for the enterprise funds.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Financial Statement Elements (continued)

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital connection expenditures or capacity commitment.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments are reported in the accompanying financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Agency Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,210,457	\$ 79,506,101	\$	\$ 82,716,558
Restricted - cash and cash equivalents	14,112,860	13,835,945		27,948,805
Restricted - investments (current)		56,349,453		56,349,453
Cash and investments			<u>120,957,637</u>	<u>120,957,637</u>
Total	<u>\$ 17,323,317</u>	<u>\$ 149,691,499</u>	<u>\$ 120,957,637</u>	<u>\$ 287,972,453</u>

Cash and investments, consist of the following:

Cash on hand	\$ 4,335
Deposits held with financial institutions	140,537,762
Investments	<u>147,430,356</u>
Total	<u>\$ 287,972,453</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments Authorized by the California Government Code and the District’s Investment Policy

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy.

<u>Authorized Maximum Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury bills and notes	5 years	80%	None
U.S. Agency obligations	5 years	80%	None
Supranational securities	5 years	30%	None
Municipal Obligations	5 years	80%	5%
California Local Agency Investment Fund (LAIF)	N/A	60%	None
Riverside County Investment Pool	N/A	40%	None
Money Market Mutual Fund	N/A	20%	10%
California Asset Management Program	N/A	50%	None
Repurchase Agreement	7 days	5%	5%
Bankers' Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable CDs	5 years	30%	5%
Corporate and Depository Institution Debt Securities	5 years	30%	5%
Asset Backed Securities	5 years	20%	5%

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The debt agreement for the District’s certificates-of-participation authorizes the bond trustee to invest reserve funds in investment contracts with a maturity up to the maturity date of the outstanding debt.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission.

Investment in Riverside County Pooled Investment Fund

The Riverside County Pooled Investment Fund (RCPIF) is a pooled investment fund program governed by the County of Riverside Board of Supervisors, and administered by the County of Riverside Treasurer and Tax Collector. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by RCPIF for the entire RCPIF portfolio. Investments in RCPIF are highly liquid as deposits and withdrawals can be made at any time without penalty. RCIF does not impose a maximum investment limit. RCPIF is not registered with the Securities and Exchange Commission.

Information related to the RCPIF may be obtained from the County of Riverside Administrative Office – 4080 Lemon Street, 4th Floor – Capital Markets – Riverside, California 92506 or the Treasurer and Tax Collector's office website www.countytreasurer.org.

Investment in California Asset Management Program

The California Asset Management Program (CAMP) is a public joint powers authority which provides California Public Agencies with investment management services for surplus funds and comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt financings. The CAMP currently offers the Cash Reserve Portfolio, a short-term investment portfolio, as a means for Public Agencies to invest these funds. Public Agencies that invest in the Pool ("Participants") purchase shares of beneficial interest. Participants may also establish individual, professionally managed investment accounts ("Individual Portfolios") by separate agreement with the Investment Advisor. The District participates in the Cash Reserve Portfolio and has also established a professionally managed investment portfolio through CAMP. CAMP is not registered with the Securities and Exchange Commission.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued)

Investment in California Asset Management Program (continued)

Investments in the pools and individual portfolios are made only in investments in which Public Agencies generally are permitted by California statute. The CAMP may reject any investment and may limit the size of a participant's account. The pool seeks to maintain, but does not guarantee, a constant net asset value of \$1.00 per share. A participant may withdraw funds from its Pool accounts at any time by check or wire transfers. Fair value of the pool is determined by the fair value per share of the pool's underlying portfolio.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Of the District's deposits with financial institutions, \$4,771,634 was in excess of federal depository insurance limits and subject to custodial credit risk as described above.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). Pursuant to the Master Repurchase Agreement, the amounts in the Overnight Repurchase Agreement Sweep Account are collateralized at 102 percent with the collateral held by the financial institutions custodian but not in the District's name.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity:

Investment Type	Totals	Remaining Maturity		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Overnight Repurchase Agreements Sweep Account	\$ 51,954,833	\$ 51,954,833	\$	\$
California Asset Management Program (CAMP)	126,410	126,410		
Local Agency Investment Fund (LAIF)	24,508,762	24,508,762		
Riverside County Investment Pool	34,083,154	34,083,154		
US Treasury Notes	17,380,375	3,472,032	6,744,942	7,163,401
Federal Agency Collateralized Mortgage	2,070,060			2,070,060
US Agency Securities				
FHLB	9,655,591		9,655,591	
FHLMC	5,347,541		2,107,523	3,240,018
FNMA	3,941,819		2,375,879	1,565,940
Tenn. Valley Authority Agency Note	530,129		530,129	
Corporate Notes	8,662,650		3,079,718	5,582,932
Certificate of Deposit	2,496,400		2,496,400	
Held by Bond trustee:				
Money Market Deposit Account	88,587,264	88,587,264		
US Treasury Notes	9,929,603	674,424	677,584	8,577,595
US Agency Securities:				
FHLB	9,790,614		4,854,336	4,936,278
FNMA	8,894,737			8,894,737
FHLMC	10,012,511		9,890,936	121,575
Total	<u>\$ 287,972,453</u>	<u>\$ 203,406,879</u>	<u>\$ 42,413,038</u>	<u>\$ 42,152,536</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual Moody’s rating as of year-end for each investment type.

Investment Type	Minimum Rating	Totals	Exempt from Disclosure	Rating as of Year End	
				Aaa	Not Rated
Overnight Repurchase Agreements Sweep Account	N/A	\$ 51,954,833	\$	\$	\$ 51,954,833
California Asset Management Program (CAMP)	N/A	126,410			126,410
Local Agency Investment Fund (LAIF)	N/A	24,508,762			24,508,762
Riverside County Investment Pool	N/A	34,083,154	34,083,154		
US Treasury Notes	N/A	17,380,375	17,380,375		
Federal Agency Collateralized Mortgage	N/A	2,070,060	2,070,060		
US Agency Securities:					
FHLB	N/A	9,655,591	9,655,591		
FNMA	N/A	3,941,819	3,941,819		
FHLMC	N/A	5,347,541	5,347,541		
Tenn. Valley Authority Agency Note	N/A	530,129	530,129		
Corporate Notes	A	8,662,650		8,662,650	
Certificate of Deposit	A	2,496,400		2,496,400	
Held by Bond trustee:					
Money Market Deposit Account	N/A	88,587,264		88,587,264	
US Treasury Notes	N/A	9,929,603	9,929,603		
US Agency Securities:					
FHLB	N/A	9,790,614		9,790,614	
FNMA	N/A	8,894,737		8,894,737	
FHLMC	N/A	10,012,511		10,012,511	
Total		<u>\$ 287,972,453</u>	<u>\$ 82,938,272</u>	<u>\$ 128,444,176</u>	<u>\$ 76,590,005</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Less than 5 percent of the District’s investments are in total Corporate Notes and Certificates of Deposit. Corporate Notes and Certificates of Deposit comprise 3.08 percent and 0.89 percent respectively, of the District’s investment portfolio.

JURUPA COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 3 – ACCOUNTS RECEIVABLE – UTILITIES, NET

The accounts receivable – utilities, net balance consists of the following balances as of June 30, 2015:

<u>Account Description</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Accounts receivable - utilities	\$ 3,265,333	\$ 1,753,661	\$ 5,018,994
Allowances for uncollectible receivables	-	-	-
Accounts receivable - utilities, net	<u>\$ 3,265,333</u>	<u>\$ 1,753,661</u>	<u>\$ 5,018,994</u>

NOTE 4 – PREPAID EXPENSES AND OTHER ASSETS

<u>Account Description</u>	<u>Parks</u>	<u>Water</u>	<u>Waste water</u>	<u>Total</u>
Water-in-storage inventory	\$ -	\$ 2,363,630	\$ -	\$ 2,363,630
Prepaid expenses and other deposits	<u>6,019</u>	<u>40,332</u>	<u>13,845</u>	<u>60,196</u>
Total Prepaid Expenses and Other Deposits	<u>\$ 6,019</u>	<u>\$ 2,403,962</u>	<u>\$ 13,845</u>	<u>\$ 2,423,826</u>

NOTE 5 – INVESTMENT IN WRRCRWA, NET

The District’s investment in the Western Riverside County Regional Wastewater Authority (WRRCRWA) changed in fiscal year 2015 as follows:

<u>Account Description</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Investment in WRRCRWA	\$ 5,950,177	\$ 64,974	\$ -	\$ 6,015,151
Accumulated amortization	<u>(1,413,521)</u>	<u>(140,008)</u>	<u>-</u>	<u>(1,553,529)</u>
Investment in WRRCRWA, net	<u>\$ 4,536,656</u>	<u>\$ (75,034)</u>	<u>\$ -</u>	<u>\$ 4,461,622</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 – CAPITAL ASSETS

Governmental Activities

Changes in capital assets for the year were as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Non-depreciable assets:				
Land	\$ 25,292,021	\$ 544,250	\$ -	\$ 25,836,271
Construction in Progress	<u>8,339,077</u>	<u>833,757</u>	<u>-</u>	<u>9,172,834</u>
Total Non-Depreciable Assets	<u>33,631,098</u>	<u>1,378,007</u>	<u>-</u>	<u>35,009,105</u>
Depreciable assets:				
Land improvements	25,655,251	1,883,274	-	27,538,525
Structure and equipment	<u>33,088,819</u>	<u>33,844</u>	<u>(20,405)</u>	<u>33,102,258</u>
Total Depreciable Assets	<u>58,744,070</u>	<u>1,917,118</u>	<u>(20,405)</u>	<u>60,640,783</u>
Accumulated depreciation:				
Land improvements	(8,725,650)	(1,511,701)	-	(10,237,351)
Structure and equipment	<u>(9,779,514)</u>	<u>(1,716,551)</u>	<u>20,405</u>	<u>(11,475,660)</u>
Total Accumulated Depreciation	<u>(18,505,164)</u>	<u>(3,228,252)</u>	<u>20,405</u>	<u>(21,713,011)</u>
Total Depreciable Assets, Net	<u>40,238,906</u>	<u>(1,311,134)</u>	<u>-</u>	<u>38,927,772</u>
Total Capital Assets, Net	<u>\$ 73,870,004</u>	<u>\$ 66,873</u>	<u>\$ -</u>	<u>\$ 73,936,877</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 – CAPITAL ASSETS (continued)

Business-Type Activities

Changes in capital assets for the year were as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Non-depreciable assets:				
Land	\$ 5,026,619	\$ -	\$ -	\$ 5,026,619
Construction in Progress	<u>79,858,763</u>	<u>34,844,445</u>	<u>(21,559,657)</u>	<u>93,143,551</u>
Total Non-Depreciable Assets	<u>84,885,382</u>	<u>34,844,445</u>	<u>(21,559,657)</u>	<u>98,170,170</u>
Depreciable assets:				
Land improvements	2,377,959	-	-	2,377,959
Structure and improvements	78,075,282	6,268,512	-	84,343,794
Water transmission and distribution	105,190,577	-	-	105,190,577
Wastewater collection system	77,153,173	9,891,845	-	87,045,018
Vehicles and equipment	<u>10,370,931</u>	<u>2,109,310</u>	<u>(412,870)</u>	<u>12,067,371</u>
Total Depreciable Assets	<u>273,167,922</u>	<u>18,269,667</u>	<u>(412,870)</u>	<u>291,024,719</u>
Accumulated depreciation:				
Land improvements and rights	(1,211,851)	(62,428)	-	(1,274,279)
Structure and improvement	(25,944,060)	(2,365,945)	-	(28,310,005)
Water transmission and distribution	(28,994,253)	(2,402,891)	-	(31,397,144)
Wastewater collection system	(18,935,905)	(1,817,793)	-	(20,753,698)
Vehicles and equipment	<u>(4,746,746)</u>	<u>(984,345)</u>	<u>550,980</u>	<u>(5,180,111)</u>
Total Accumulated Depreciation	<u>(79,832,815)</u>	<u>(7,633,402)</u>	<u>550,980</u>	<u>(86,915,237)</u>
Total Depreciable Assets, Net	<u>193,335,107</u>	<u>10,636,265</u>	<u>138,110</u>	<u>204,109,482</u>
Total Capital Assets, Net	<u>\$ 278,220,489</u>	<u>\$ 45,480,710</u>	<u>\$ (21,421,547)</u>	<u>\$ 302,279,652</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – CUSTOMER DEPOSITS, RETENTIONS AND ADVANCES

<u>Account Description</u>	<u>Parks</u>	<u>Water</u>	<u>Waste water</u>	<u>Total</u>
Customer Deposits	\$	\$ 86,392	\$ 14,155	\$ 100,547
Retentions payable	236,806	271,597	327,248	835,651
Construction advance and deposits	2,619	1,150,472	344,000	1,497,091
Benefit Area "A"			1,246,196	1,246,196
Advances payable to Community Facilities Districts	<u> </u>	<u>24,883,570</u>	<u> </u>	<u>24,883,570</u>
Total Customer Deposit, Retentions and Advances	<u>\$ 239,425</u>	<u>\$ 26,392,031</u>	<u>\$ 1,931,599</u>	<u>\$ 28,563,055</u>

NOTE 8 – COMPENSATED ABSENCES

Changes in compensated absences were as follows for the year ended June 30, 2015:

	Governmental Activities	Business-type Activities	Total
Compensated absences, beginning	\$ 192,097	\$ 887,499	\$ 1,079,596
Current year employee earnings	116,925	662,761	779,686
Employee vacation time taken	<u>(91,022)</u>	<u>(542,328)</u>	<u>(633,350)</u>
Compensated absences, ending	218,000	1,007,932	1,225,932
Less: current portion payable	<u>54,500</u>	<u>251,983</u>	<u>306,483</u>
Long-term portion payable	<u>\$ 163,500</u>	<u>\$ 755,949</u>	<u>\$ 919,449</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – LONG-TERM DEBT

Changes in long-term debt were as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amount due within one year
Business-type Activities					
Bonds payable:					
2010 COPs - Series A - Water Fund	\$ 8,780,000	\$ -	\$ (600,000)	\$ 8,180,000	\$ 590,000
2010 COPs - Series B - Water Fund	19,940,000			19,940,000	
2010 COPs - Series A - Wastewater Fund	7,645,000		(720,000)	6,925,000	750,000
2010 COPs - Series B - Wastewater Fund	27,495,000			27,495,000	
Plus: premiums on debt issuance	828,115		(32,265)	795,850	
Less: discounts on debt issuance	(494,973)		101,728	(393,245)	
Total bonds payable	<u>64,193,142</u>	<u>-</u>	<u>(1,250,537)</u>	<u>62,942,605</u>	<u>1,340,000</u>
Loans payable:					
State Water Resources Control Board Loan	536,120		(107,224)	428,896	107,224
Economic Development Administration Loan	277,686		(101,787)	175,899	
Western Municipal Water District Loan	7,305,265		(364,222)	6,941,043	278,438
Total loans payable	<u>8,119,071</u>	<u>-</u>	<u>(573,233)</u>	<u>7,545,837</u>	<u>385,662</u>
Total Business-type Activities	<u>\$ 72,312,213</u>	<u>\$ -</u>	<u>\$ (1,823,770)</u>	<u>\$ 70,488,442</u>	<u>\$ 1,725,662</u>
Deferred amounts on refunding :					
Business-Type Activities					
Water refunding	\$ (699,754)	\$ -	\$ 27,264	\$ (672,490)	
Wastewater refunding	<u>\$ 355,409</u>	<u>\$ -</u>	<u>\$ (13,847)</u>	<u>\$ 341,562</u>	

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – LONG-TERM DEBT (continued)

2010 Series A – Certificates of Participation – Water Fund

On February 25, 2010, the District issued \$10,895,000 in Series A – Certificates of Participation. The proceeds of the sale of the Series A – Certificates of Participation were used to refinance the District’s 2001 Certificates of Participation, partially finance the Chino Desalter Authority expansion project Phase No. 3 and to increase water supply and construct transmission facilities to convey water to appropriate pressure zones within the District’s service area.

The 2010 Series A – Certificates of Participation were issued with an original issue premium of \$446,828 which will be amortized over the life of the issuance.

The certificates are scheduled to mature in 2033. Principal and interest are payable annually on September 1 at rates of 2.0 percent to 5.00 percent. Future annual debt service requirements on the certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 590,000	\$ 347,250	\$ 937,250
2017	615,000	323,150	938,150
2018	640,000	298,050	938,050
2019	670,000	271,850	941,850
2020	445,000	249,550	694,550
2021-2025	2,265,000	958,325	3,223,325
2026-2030	1,705,000	532,850	2,237,850
2031-2033	1,250,000	96,000	1,346,000
Total	<u>\$ 8,180,000</u>	<u>\$ 3,077,025</u>	<u>\$ 11,257,025</u>

2010 Series B – Certificates of Participation – Water Fund

On February 25, 2010, the District issued \$19,940,000 in Series B – Certificates of Participation. The proceeds of the sale of the Series B – Certificates of Participation will be used to partially finance the Chino Desalter Authority expansion project Phase No. 3 and to increase water supply and construct transmission facilities to convey water to appropriate pressure zones within the District’s service area.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – LONG-TERM DEBT (continued)

2010 Series B – Certificates of Participation – Water Fund (continued)

The certificates are scheduled to mature in 2041. Principal and interest are payable annually on September 1 at rates of 5.197 percent to 6.597 percent. Future annual debt service requirements on the certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$	\$ 1,391,302	\$ 1,391,302
2017		1,391,302	1,391,302
2018		1,391,302	1,391,302
2019		1,391,302	1,391,302
2020	250,000	1,384,806	1,634,806
2021-25	1,645,000	6,692,488	8,337,488
2026-30	3,260,000	5,901,799	9,161,799
2031-35	5,140,000	4,511,431	9,651,431
2036-40	7,845,000	2,110,672	9,955,672
2041	<u>1,800,000</u>	<u>64,728</u>	<u>1,864,728</u>
Total	<u>\$ 19,940,000</u>	<u>\$ 26,231,132</u>	<u>\$ 46,171,132</u>

Build America Bonds

The District is treating the 2010 Series B – Certificates of Participation as **Build America Bonds** under Section 54AA of the Internal Revenue Code and the Series B – Certificates of Participation will be “qualified bonds” under Section 54AA(g)(2) of the Internal Revenue Code which makes the District eligible for a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series B – Certificates of Participation. Such cash subsidy payments received by the District are referred to as U. S. Treasury Credits and are reflected in the above noted annual debt service schedule. U.S. Treasury Credits is defined to mean, with respect to the Series B – Certificates of Participation, the amounts which are payable by the Federal government under Section 6431 of the Internal Revenue Code, which the District has elected to receive under Section 54AA(g)(1) of the Internal Revenue Code. U.S. Treasury Credits are expected to be received contemporaneously with each interest payment date, upon timely receipt by the Internal Revenue Service of IRS Form 8038-CP, which is at least 45 days (but not more than 90 days) before each interest payment date.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – LONG-TERM DEBT (continued)

2010 Series A & B – Certificates of Participation – Water Fund

The District has pledged future water fund revenues, net of specified operating expenses, to repay the water system certificates of participation. Net revenues are defined in the bond documents as operating income, less specified operating expenses, plus specified non-operating income. Net revenues are anticipated to equal at least 110 percent of annual principal and interest payments. The total principal and interest remaining to be paid on the bonds is \$57,428,157. Principal and interest paid for the current year and net revenues were \$2,362,352 and \$13,887,936, respectively.

2010 Series A – Certificates of Participation – Wastewater Fund

On February 25, 2010, the District issued \$10,295,000 in Series A – Certificates of Participation. The proceeds of the sale of the Series A – Certificates of Participation were used to refinance the District’s 1993 Refunding Certificates of Participation, partially finance the Jurupa Trunk Line Improvements, Pyrite Creek Project, Pedley Trunk Line System Improvements, Sky Country Trunk Line Sewer Project, Regional Wastewater Pump Station Expansion and New Force Main to the Riverside Plant and Florine Lift Station Replacement as well as other wastewater system improvements.

The 2010 Series A – Certificates of Participation were issued with an original issue premium of \$521,099 which will be amortized over the life of the issuance. The certificates are scheduled to mature in 2033. Principal and interest are payable annually on September 1st at rates of 2.00 percent to 5.00 percent. Future annual debt service requirements on the certificates are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2016	\$ 750,000	\$ 271,131	\$ 1,021,131
2017	780,000	240,531	1,020,531
2018	810,000	208,731	1,018,731
2019	845,000	175,631	1,020,631
2020	535,000	148,031	683,031
2021-25	2,415,000	401,188	2,816,188
2026-30	460,000	132,850	592,850
2031-33	330,000	25,053	355,053
Total	<u>\$ 6,925,000</u>	<u>\$ 1,603,146</u>	<u>\$ 8,528,146</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 9 – LONG-TERM DEBT (continued)

2010 Series B – Certificates of Participation – Wastewater Fund

On February 25, 2010, the District issued \$27,495,000 in Series B – Certificates of Participation. The proceeds of the sale of the Series B – Certificates of Participation will be used to partially finance the Jurupa Trunk Line Improvements, Pyrite Creek Project, Pedley Trunk Line System Improvements, Sky Country Trunk Line Sewer Project, Regional Wastewater Pump Station Expansion and New Force Main to the Riverside Plant, and Florine Lift Station Replacement as well as other wastewater system improvements.

The 2010 Series B – Certificates of Participation were issued with an original issue discount of \$478,271 which will be amortized over the life of the issuance.

The certificates are scheduled to mature in 2041. Principal and interest are payable annually on September 1st at rates of 5.197 percent to 6.697. Future annual debt service requirements on the certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$	\$ 1,870,597	\$ 1,870,597
2017		1,870,597	1,870,597
2018		1,870,597	1,870,597
2019		1,870,597	1,870,597
2020	340,000	1,861,762	2,201,762
2021-25	2,520,000	8,980,118	11,500,118
2026-30	5,620,000	7,637,872	13,257,872
2031-35	7,280,000	5,452,650	12,732,650
2036-40	9,550,000	2,497,250	12,047,250
2041	<u>2,185,000</u>	<u>76,475</u>	<u>2,261,475</u>
Total	<u>\$ 27,495,000</u>	<u>\$ 33,988,515</u>	<u>\$ 61,483,515</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 9 – LONG-TERM DEBT (continued)

Build America Bonds

The District is treating the 2010 Series B – Certificates of Participation as Build America Bonds under Section 54AA of the Internal Revenue Code and the Series B – Certificates of Participation will be “qualified bonds” under Section 54AA(g)(2) of the Internal Revenue Code which makes the District eligible for a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series B – Certificates of Participation. Such cash subsidy payments received by the District are referred to as U. S. Treasury Credits and are reflected in the above noted annual debt service schedule. U. S. Treasury Credits is defined to mean, with respect to the Series B – Certificates of Participation, the amounts which are payable by the Federal government under Section 6431 of the Internal Revenue Code, which the District has elected to receive under Section 54AA(g)(1) of the Internal Revenue Code. U.S. Treasury Credits are expected to be received contemporaneously with each interest payment date, upon timely receipt by the Internal Revenue Service of IRS Form 8038-CP, which is due at least 45 days (but not more than 90 days) before each interest payment due.

2010 Series A & B – Certificates of Participation – Wastewater Fund

The District has pledged future sewer fund revenues, net of specified operating expenses, to repay the sewer system certificates of participation. Net revenues are defined in the bond documents as operating income, less specified operating expenses, plus specified non-operating income. Net revenues are anticipated to equal at least 110 percent of annual principal and interest payments. The total principal and interest remaining to be paid on the bonds is \$70,011,658. Principal and interest paid for the current year and net revenues were \$2,890,003 and \$12,639,723, respectively.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – LONG-TERM DEBT (continued)

State Water Resources Control Board Loan

In October 1997, the District entered into a loan contract with the California State Water Resources Control Board (SWRCB Loan) to finance the construction of two wastewater equalization basins, and the slip-lining of inverted siphons of the Regional Force Main. Upon completion of the project in 1998, the final loan amount was determined to be \$2,573,401. The interest rate on the loan is zero percent per annum. Payments are payable annually on December 22 through the year 2018. Since the loan does not bear interest, the District is reporting the SWRCB loan in the accompanying financial statements at a discount of 6.5 percent. The discount is being amortized on a straight-line basis through 2018. Amortization expense of \$21,445 is included annually as a component on interest expense. Annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 107,224	\$ 21,445	\$ 128,669
2017	107,224	21,445	128,669
2018	107,224	21,445	128,669
2019	107,224	21,445	128,669
Total	<u>\$ 428,896</u>	<u>\$ 85,780</u>	<u>\$ 514,676</u>

Economic Development Administration Loan

In October 1997, the District entered into a loan contract with the U. S. Department of Commerce, Economic Development Administration (EDA Loan) to finance the improvement and expansion of the District’s water system. Upon completion of the project in 1979, the final loan amount was determined to be \$1,968,000. The interest rate on the loan is 5.0 percent per annum. Principal and interest are payable in annual installments of \$115,649 on July 1 through the year 2018. The annual installment due July 1, 2016 was paid in June 2015. Annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 106,876	\$ 8,773	\$ 115,649
2018	<u>69,023</u>	<u>3,429</u>	<u>72,452</u>
Total	<u>\$ 175,899</u>	<u>\$ 12,202</u>	<u>\$ 188,101</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 9 – LONG-TERM DEBT (continued)

Western Municipal Water District of Riverside County Loan

On May 6, 2004, the District entered into an installment sale agreement with the Western Municipal Water District of Riverside County (WMWD loan) for the acquisition of 3.0 million gallons per day of capacity rights for wastewater treatment and disposal in the Western Riverside County Regional Wastewater Authority (see Note 18) treatment facility for \$9,486,754. The term of the WMWD loan is 28.5 years. Interest on the WMWD loan amount is payable monthly at a variable rate plus fees for liquidity facility and remarketing that equaled a rate of 3.305 percent as of June 30, 2015. The variable interest rate is determined by comparing the three month average daily interest rates as provided by Paine Webber and J. P. Morgan. Principal payments are due annually on January 1, commencing January 1, 2005 in amounts ranging from \$198,884 to \$517,099. The final principal payment is due January 1, 2033. The District has pledged net water and sewer revenues as well as tax revenues towards the payment of the debt service on the WMWD loan. The District has the option to prepay the WMWD loan in whole or in part at any time upon 60 days written notice. Estimated annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 278,438	\$ 311,236	\$ 589,674
2017	298,326	298,751	597,077
2018	298,326	285,374	583,700
2019	318,214	271,997	590,211
2020	318,214	257,729	575,943
2021-25	1,789,953	856,728	2,646,681
2026-30	2,147,944	629,607	2,777,551
2031-33	1,491,628	123,961	1,615,589
Total	<u>\$ 6,941,043</u>	<u>\$ 3,035,383</u>	<u>\$ 9,976,426</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – POST EMPLOYMENT RETIREMENT BENEFITS

Other Post Employment Benefit Obligations

The District provides post-retirement health care benefits through a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. The District contributes a fixed amount for health care benefits up to 100 percent of the premium for the retiree and their dependents.

Plan Description – Eligibility

The following requirements must be satisfied in order to be eligible for lifetime post-employment medical benefits:

- (1) For employees hired prior to 2008, attainment of age 55 and 5 years for full-time service and for employees hired after 2008, attainment of age 55 and 20 years for full-time service, and
- (2) Retirement from CALPERS and from the District (the District must be the last employer prior to retirement)
- (3) Lifetime post-employment medical benefits are no longer offered to employees hired after June 1, 2014

Plan Description – Benefits

Membership in the OPEB plan consisted of the following members as of June 30, 2015:

Active plan members	136
Retirees and beneficiaries receiving benefits	<u>20</u>
Total Plan Membership	<u>156</u>

Funding Policy

The Annual Required Contribution (ARC) of the Employer is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 9.0 percent of the annual covered payroll. The District will pay 100 percent of the cost of the post-employment benefit plan.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 10 – POST EMPLOYMENT RETIREMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2015, the District’s OPEB cost is \$745,371. The District’s net OPEB obligation amounted to \$3,914,838 for the year ended June 30, 2015. The District contributed \$170,093 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2015, as follows:

	<u>2015</u>
Annual OPEB cost:	
Annual required contribution (ARC)	\$ 793,720
Interest on net OPEB obligation	254,141
Adjustment to annual required contribution	<u>(302,490)</u>
Total annual OPEB cost	745,371
Change in net OPEB obligation:	
Contributions	<u>(170,093)</u>
Total change in Net OPEB obligation	575,278
Net OPEB obligation - beginning of year	<u>3,339,559</u>
Net OPEB obligation - end of year	<u><u>\$ 3,914,837</u></u>

The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Contributions	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2015	\$ 745,371	\$ 170,093	22.82%	\$ 3,914,837
2014	754,205	143,883	19.08%	3,339,559
2013	717,644	136,802	19.06%	2,729,238

JURUPA COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015**

NOTE 10 – POST EMPLOYMENT RETIREMENT BENEFITS (continued)

Funded Status and Funding Progress of the Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2015	\$ 2,324,679	\$ 8,277,432	\$ 5,952,753	28.08%	\$ 9,402,000	63%

The most recent valuation (dated June 30, 2015) includes an Actuarial Accrued Liability of \$8,277,432 and an Unfunded Actuarial Accrued Liability of \$5,952,753. The Actuarial Value of Plan Assets was \$2,324,679.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities or benefits. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2015
Actuarial cost method	Projected Unit Credit cost method
Amortization method	Level-dollar amortization method on a closed basis
Remaining amortization period	23 Years as of the value date
Actuarial assumptions:	
Interest discount	7.28%
Projected healthcare trend increase	6.25%

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

	Governmental	Business-type	
The balance consists of the following:	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Capital assets - not being depreciated	\$ 35,009,105	\$ 97,902,331	\$ 132,911,436
Capital assets - being depreciated, net	38,927,772	204,109,480	243,037,252
Water fund - unspent debt proceeds		578	578
Wastewater fund - unspent debt proceeds		52,148	52,148
Long-term debt - current portion		(1,725,662)	(1,725,662)
Long-term debt - long-term portion		(68,431,851)	(68,431,851)
	<u>\$ 73,936,877</u>	<u>\$ 231,907,024</u>	<u>\$ 305,843,901</u>

NOTE 12 – RESTRICTED NET POSITION

	Governmental	Business-type	
The balance consists of the following:	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Eastvale parks	\$ 17,271,136	\$	\$ 17,271,136
Graffiti abatement	450,657		450,657
Illumination District No. 2	317,766		317,766
Landscape and Lighting	2,426,635		2,426,635
Water fund - debt service reserves		2,850,152	2,850,152
Water fund - capital facility fees		25,998,020	25,998,020
Wastewater fund - debt service reserves		3,431,998	3,431,998
Wastewater fund - capital facility fees		31,480,321	31,480,321
	<u>\$ 20,466,194</u>	<u>\$ 63,760,491</u>	<u>\$ 84,226,685</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 13 – UNRESTRICTED NET POSITION

The unrestricted net position is for specific uses as follows:

	Governmental Activities	Business-type Activities
The balance consists of the following:		
Prepaid expenses and other prepaid assets	\$	\$ 2,417,807
Water operations and capital replacement		27,094,331
Wastewater operations and capital replacements		29,704,752
	<u>\$ -</u>	<u>\$ 59,216,890</u>

NOTE 14 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by CalPERS and Nationwide at June 30, 2015 was \$1,791,050 and \$512,338 respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 – PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS)

The District participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees’ Retirement System (CalPERS) which covers substantially all regular full-time employees of the District. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the District in accordance with reporting standards established by the Governmental Accounting Standards Board (GASB).

As of June 30, 2015, the District implemented GASB Statements No. 68 and No. 71, and as a result, reported its proportionate share of the net pension liability, pension expense and deferred inflow of resources for the above plan and a deferred outflow of resources as follows:

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Proportionate Share of Pension Expense</u>
CalPERS	<u>\$ 5,793,320</u>	<u>\$ 3,634,701</u>	<u>\$ 1,734,019</u>	<u>\$ 1,278,291</u>

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan in comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The District sponsors two Miscellaneous Risk Pool plans; however, the information presented below represents the sum of the allocated pension amounts for each of the District’s respective plans (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 15 – PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS) (continued)

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired by the district, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree’s designated survivor or estate upon the retiree’s death. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous Risk Pool</u>	
	<u>Current Plan</u>	<u>PEPRA Misc. Plan</u>
	On or Before	On or After
Hire date	31-Dec-12	1-Jan-13
Benefit formula	2.7% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Required employee contribution rate	8.000%	6.308%
Required employer contribution rate	18.71%	6.250%

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 15 – PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS) (continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015 are presented above and the total District contributions were \$2,433,461.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling \$5,793,320. The net pension liability was measured as of June 30, 2014. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the District’s proportion was 0.09309%.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 – PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$1,278,291. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 2,433,461	\$ -
Net differences between projected and actual earnings on plan investments		1,401,177
Adjustment due to differences in proportions		332,842
Differences between contributions and proportionate share of contributions	1,201,240	
	\$ 3,634,701	\$ 1,734,019

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflows of resources and remaining deferred outflows of resources will be amortized over a closed period of between 3.8 and 5 years and will be recognized in pension expense as follows:

Year Ended June 30	Amortization
2016	\$ 133,195
2017	133,195
2018	133,195
2019	133,194
	\$ 532,779

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

NOTE 15 – PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CalPERS) (continued)

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of mortality improvement using Scale BB published by the Society of Actuaries. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

**NOTE 15 – PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM
(CalPERS) (continued)**

Actuarial Methods and Assumptions (continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	47.00%	5.25%
Global fixed income	19.00%	0.99%
Private equity	6.00%	0.45%
Real Estate	12.00%	6.83%
Inflation sensitive	11.00%	4.50%
Infrastructure and Forestland	3.00%	4.50%
Liquidity	2.00%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 15 – PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS) (continued)

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decreases (6.50%)	\$ 9,266,375
Current discount rate (7.50%)	5,793,320
1% increase (8.50%)	2,909,281

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 16 – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The beginning net position of the financial statements has been decreased \$5,047,792 to recognize the beginning balance of the net pension liability and deferred outflow of resources resulting from the implementation of GASB Statements No. 68 and No. 71. The beginning net position was not restated for the effect of deferred inflows of resources as the amount was not practical to determine.

NOTE 17 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage and destruction of assets, errors and omissions, injuries to employees and natural disasters. In an effort to manage its risk exposure, the District purchases commercial package insurance policies. The District has experienced no losses exceeding coverage during the past three years.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 18 – JOINT VENTURE

Western Riverside County Regional Wastewater Authority

The Western Riverside County Regional Wastewater Authority (WRCRWA) was formed under a joint exercise of powers agreement for the purpose of constructing, maintaining, and operating a regional wastewater treatment plant. WRCRWA is composed of five member agencies: Jurupa Community Services District, Santa Ana Watershed Project Authority, Western Municipal Water District, Home Gardens Sanitary District, and the City of Norco. The governing body of the Authority is a Board of Directors, which consists of ten individuals, two appointed by each member.

The construction of the wastewater treatment plant was substantially completed at June 30, 1999. Each member's share in the construction costs, as well as administrative costs, of WRCRWA is based on their capacity rights in different components of the plant. The District is billed for flows through the plant attributable to its jurisdiction as well as general and administrative costs. Payment of these bills is included in the costs of the District's sewer services activity. Members are deemed to have an ownership interest in the Authority and new members may only be admitted upon unanimous consent of the existing members. Upon withdrawal from the Authority, any member is entitled to receive its proportionate share of the Authority assets or the equivalent value thereof and is responsible for discharge of its proportionate share of the Authority's liabilities. The investment in the Authority for the year June 30, 2015 is reported in the accompanying financial statements at \$4,461,622.

Financial data for WRCRWA is available at the District office. Audited financial information for WRCRWA can be obtained at Western Riverside County Regional Wastewater Authority, 450 Alessandro Boulevard, Riverside, California 92517-5286.

Western Municipal Water District Facilities Authority

In January 2002, the District entered into a Joint Exercise of Powers Agreement (Agreement) with the Western Municipal Water District of Riverside County (WMWD) for the formation of the Western Municipal Water District Facilities Authority (WMWDFa) pursuant to the Marks-Roos Local Bond Pooling Act of 1985, Article Y (Commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The purpose of this Agreement is to provide for the financing of public capital improvements for, and working capital requirements of the District and WMWD through the construction and/or the purchase by the WMWDFa of obligations of the District or WMWD pursuant to bond purchase agreements and/or the lending of funds by the WMWDFa to the District and/or WMWD. WMWD shall administer this agreement. Financial information of WMWDFa can be obtained from WMWD, 450 Alessandro Boulevard, Riverside, California 92517-5286.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 18 – JOINT VENTURE

Chino Basin Desalter Authority

On September 25, 2001, the Chino Basin Desalter Authority (the Authority) was created under a joint exercise of powers agreement between Jurupa Community Services District, the Santa Ana River Water Company, the cities of Chino, Chino Hills, Ontario, Norco and the Inland Empire Utilities Agency, as an ex-officio member with the power among others, to design, finance, lease, purchase, acquire, construct, operate, maintain, sell, hypothecate or otherwise dispose of the Project for the purposes of the production, treatment and distribution of water to the Project Participants. This agreement was formed to successfully manage the groundwater resources in the Chino Basin.

The governing Board of Director consists of one representative appointed from each participating agency and has the power and responsibility to adopt budgets, operating plans and finance activities to further the purpose of the Authority. Financial statements of the Authority can be obtained from the CDA Treasurer's office located at 2151 S. Haven Avenue, Suite 202, Ontario, California 91761.

NOTE 19 – COMMUNITY FACILITIES DISTRICTS

Jurupa Community Services District is the lead agency for forty-five community facilities districts that were formed to finance the construction and installation of certain public improvements that will service or provide benefit to properties located within the respective community facilities districts.

The bonds issued by the community facilities districts are payable solely from the revenues of annual special taxes levied against land within the districts and do not constitute an indebtedness of the Jurupa Community Services District. Jurupa Community Services District is not liable for the bonds, but acts as an agent for the bondholders in collecting the assessments from property owners, forwarding the collection to bond trustees, and initiating foreclosure proceedings, if necessary. Since the District is acting in an agency capacity, the assets and liabilities of the community facilities districts have been excluded from the District's government-wide statement of net position.

As of June 30, 2015, thirty-four of the Community Facilities Districts have issued debt with an original aggregate principal amount payable of \$378,185,000. The amount outstanding as of June 30, 2015 is \$359,335,000.

Acting in a fiduciary capacity, the District collects assessments which are then forwarded to the trustee for future debt service payments. Until the funds are forwarded to the trustee, the District records a liability. The advance payable to the community services districts held as of June 30, 2015 was \$24,883,570 in the Water Fund and \$-0 in the Wastewater Fund.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems with its service area. The financing of such construction contracts is being provided primarily from the District's bond financing. The District has committed to approximately \$37,135,000 of open construction contracts as of June 30, 2015.

Litigation

The City of Riverside has filed suit against three community services districts, including the District, regarding the cost of physical plant improvements relating to the treatment of domestic and industrial sewage. The case is ongoing. The future of this matter will be directed by the outcome of the litigation.

There are other lawsuits and claims pending against the District which arise during the normal course of business. To the extent the outcome of such litigation would result in a probable loss to the District, any such loss would be accrued in the accompanying financial statements.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

REQUIRED SUPPLEMENTARY INFORMATION

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF FUNDING PROGRESS – OTHER POST EMPLOYMENT BENEFITS
June 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2015	\$ 2,324,679	\$ 8,277,432	\$ 5,952,753	28.0%	\$ 9,402,000	63%
6/30/2013	1,968,400	5,461,512	3,493,112	36.00%	N/A	N/A
6/30/2011	1,763,031	4,829,344	3,066,313	36.5%	7,282,000	42.11%

See independent auditor's report and notes to required supplementary information.

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Fiscal Year Ended June 30, 2015**

	<u>2015</u>
District's proportion of the net pension liability (assets)	0.093098%
District's proportionate share of the net pension liability (asset)	\$ 5,793,320
District's covered-employee payroll reported as of the previous fiscal year to align with the measurement date of the net pension liability	\$ 8,409,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.88%
Plan fiduciary net position as a percentage of the total pension liability	77.88%

See independent auditor's report and notes to required supplementary information.

JURUPA COMMUNITY SERVICES DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Fiscal Year Ended June 30, 2015

	2015
Contractually required contribution	\$ 1,500,900
Contributions in relation to the contractually required contribution	1,500,900
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 9,379,000
Contributions as a percentage of covered employee payroll	17.85%

See independent auditor's report and notes to required supplementary information.

JURUPA COMMUNITY SERVICES DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015**

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Postemployment Healthcare Benefits Funding Progress

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

B. Schedules of District's Proportionate Share of the Net Pension Liability

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

C. Schedules of District Contributions

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

SUPPLEMENTARY INFORMATION

JURUPA COMMUNITY SERVICES DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash and investments	\$ 30,446,712	\$ 237,893,344	\$(147,382,419)	\$120,957,637
LIABILITIES				
Due to bondholders	\$ 30,446,712	\$ 217,032,193	\$(133,245,823)	\$114,233,082
Due to JCSD	-	20,861,151	(14,136,596)	6,724,555
	<u>\$ 30,446,712</u>	<u>\$ 237,893,344</u>	<u>\$(147,382,419)</u>	<u>\$120,957,637</u>

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF RESERVE FOR ENTERPRISE FUNDS CAPITAL FACILITY FEES
June 30, 2015**

	Water Fund	Wastewater Fund	Total
Reserve for Capital Facility Fees:			
Balance - beginning of year	<u>\$ 25,066,664</u>	<u>\$ 36,253,631</u>	<u>\$ 61,320,295</u>
Capital contributions:			
Facility Fees	<u>7,442,427</u>	<u>5,995,694</u>	<u>13,438,121</u>
Total Contributions	<u>7,442,427</u>	<u>5,995,694</u>	<u>13,438,121</u>
Construction costs	<u>6,521,071</u>	<u>10,769,004</u>	<u>17,290,075</u>
Total Expenses	<u>6,521,071</u>	<u>10,769,004</u>	<u>17,290,075</u>
Balance - end of year	<u><u>\$ 25,988,020</u></u>	<u><u>\$ 31,480,321</u></u>	<u><u>\$ 57,468,341</u></u>

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF COMMUNITY FACILITIES DISTRICTS OUTSTANDING DEBT
June 30, 2015**

CFD No.	Bonds Issued	Rating	Outstanding	Yield on the Bonds	Issued	Final Maturity
CFD # 1	\$ 24,710,000	Not Rated	\$ 18,890,000	4.76738	Aug-2010	Sep-2024
CFD # 2	13,805,000	Not Rated	13,805,000	3.43880	Aug-2014	Sep-2032
CFD # 3	9,240,000	Not Rated	8,190,000	4.76738	Aug-2010	Sep-2033
CFD # 4	12,650,000	Not Rated	12,320,000	4.97990	Jul-2013	Sep-2034
CFD # 5	3,135,000	Not Rated	2,750,000	4.76738	Aug-2010	Sep-2032
CFD # 6	3,560,000	Not Rated	3,125,000	4.76738	Aug-2010	Sep-2032
CFD # 7	7,925,000	Not Rated	7,925,000	3.43880	Aug-2014	Sep-2035
CFD # 10	6,690,000	Not Rated	5,925,000	4.76738	Aug-2010	Sep-2033
CFD # 11	9,110,000	Not Rated	9,110,000	3.43880	Aug-2014	Sep-2035
CFD # 12	10,895,000	Not Rated	10,895,000	3.43880	Aug-2014	Sep-2035
CFD # 14	13,115,000	Not Rated	11,975,000	4.76738	Aug-2010	Sep-2037
CFD # 14	2,035,000	Not Rated	2,035,000	5.22440	Jun-2013	Sep-2041
CFD # 15	8,405,000	Not Rated	8,295,000	4.97990	Jul-2013	Sep-2042
CFD # 16	6,570,000	Not Rated	6,570,000	3.43880	Aug-2014	Sep-2034
CFD # 17	13,985,000	Not Rated	13,985,000	3.43880	Aug-2014	Sep-2036
CFD # 18	16,575,000	Not Rated	14,315,000	4.84380	Nov-2006	Sep-2036
CFD # 18	12,825,000	Not Rated	12,825,000	3.59870	Jun-2015	Sep-2036
CFD # 19	24,225,000	Not Rated	21,125,000	4.91500	Oct-2006	Sep-2036
CFD # 19	18,915,000	Not Rated	18,915,000	3.59870	Jun-2015	Sep-2036
CFD # 21	7,775,000	Not Rated	7,775,000	3.43880	Aug-2014	Sep-2036
CFD # 22	3,420,000	Not Rated	3,420,000	5.26652	Dec-2013	Sep-2043
CFD # 22	3,205,000	Not Rated	3,205,000	3.59870	Jun-2015	Sep-2043
CFD # 23	4,920,000	Not Rated	4,725,000	4.75572	Jun-2012	Sep-2042
CFD # 24	11,990,000	Not Rated	11,150,000	4.76738	Aug-2010	Sep-2040
CFD # 25	11,945,000	Not Rated	11,945,000	3.43880	Aug-2014	Sep-2042
CFD # 26	4,810,000	Not Rated	4,810,000	3.79900	May-2015	Sep-2044
CFD # 27	7,885,000	Not Rated	7,885,000	4.75212	Mar-2014	Sep-2043
CFD # 28	6,145,000	Not Rated	6,145,000	4.60219	Mar-2014	Sep-2043
CFD # 29	13,945,000	Not Rated	13,100,000	4.76738	Aug-2010	Sep-2040
CFD # 30	6,015,000	Not Rated	6,015,000	3.43880	Aug-2014	Sep-2037
CFD # 31	12,095,000	Not Rated	11,430,000	4.22977	Mar-2013	Sep-2042
CFD # 32	2,980,000	Not Rated	2,980,000	3.43880	Aug-2014	Sep-2036
CFD # 33	15,865,000	Not Rated	15,865,000	4.16030	Jul-2014	Sep-2043
CFD # 34	7,150,000	Not Rated	7,040,000	4.97990	Jul-2013	Sep-2040
CFD # 35	4,005,000	Not Rated	3,725,000	4.37794	Nov-2012	Sep-2042
CFD # 38	6,025,000	Not Rated	6,025,000	3.43880	Aug-2014	Sep-2042
CFD # 38	4,935,000	Not Rated	4,860,000	4.97990	Jul-2013	Sep-2040
CFD # 39	11,850,000	Not Rated	11,405,000	4.87063	May-2012	Sep-2042
CFD # 39	10,740,000	Not Rated	10,740,000	3.59870	Jun-2015	Sep-2042
CFD # 42	2,115,000	Not Rated	2,115,000	3.84259	Dec-2014	Sep-2044
Total	<u>\$378,185,000</u>		<u>\$359,335,000</u>			

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF COMMUNITY FACILITIES DISTRICTS
CASH AND INVESTMENT BALANCES**

June 30, 2015

CFD No.	Location	Balance
CFD # 1	Mira Loma	\$ 1,774,589
CFD # 2	Eastvale Area	155,718
CFD # 3	Eastvale Area	162,594
CFD # 4	Eastvale Area	217,104
CFD # 5	Eastvale Area	68,718
CFD # 6	Eastvale Area	65,902
CFD # 7	Eastvale Area	122,211
CFD # 10	Eastvale Area	118,141
CFD # 11	Eastvale Area	136,236
CFD # 12	Eastvale Area	162,864
CFD # 14	Eastvale Area	473,007
CFD # 15	Eastvale Area	83,120
CFD # 16	Eastvale Area	1,656,878
CFD # 17	Eastvale Area	176,940
CFD # 18	Eastvale Area	14,814,607
CFD # 19	Eastvale Area	21,861,355
CFD # 21	Eastvale Area	105,266
CFD # 22	Eastvale Area	3,897,871
CFD # 23	Eastvale Area	931,065
CFD # 24	Eastvale Area	136,717
CFD # 25	Eastvale Area	10,059,475
CFD # 26	Eastvale Area	640,830
CFD # 27	Eastvale Area	1,961,556
CFD # 28	Eastvale Area	470,596
CFD # 29	Eastvale Area	398,852
CFD # 30	Eastvale Area	83,463
CFD # 31	Eastvale Area	2,599,372
CFD # 32	Eastvale Area	58,077
CFD # 33	Eastvale Area	2,123,159
CFD # 34	Eastvale Area	3,125,210
CFD # 35	Eastvale Area	287,239
CFD # 38	Eastvale Area	112,717
CFD # 39	Eastvale Area	12,002,669
CFD # 42	Eastvale Area	1,028,044
JPFA Refunding 2010	Eastvale Area	4,633,536
JPFA Refunding 2013	Eastvale Area	2,498,802
JPFA Refunding 2014	Eastvale Area	7,236,502
JPFA Refunding 2015A	Eastvale Area	3,529,586
JPFA Refunding 2015B	Eastvale Area	20,987,049
		<u>\$ 120,957,637</u>

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF CHANGES OF CAPITAL ASSETS FOR
ENTERPRISE FUNDS - WATER**

June 30, 2015

Water	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Non-depreciable assets:				
Land	\$ 4,758,779	\$	\$	\$ 4,758,779
Construction in Progress	<u>48,680,527</u>	<u>10,233,295</u>	<u>(6,631,682)</u>	<u>52,282,140</u>
Total Non-Depreciable Assets	<u>53,439,306</u>	<u>10,233,295</u>	<u>(6,631,682)</u>	<u>57,040,919</u>
Depreciable assets:				
Land improvements	2,253,630			2,253,630
Structure and equipment	40,667,357	6,268,512		46,935,869
Water transmission and distribution	105,190,577			105,190,577
Vehicles and equipment	<u>8,437,866</u>	<u>1,943,196</u>	<u>(307,161)</u>	<u>10,073,901</u>
Total Depreciable Assets	<u>156,549,430</u>	<u>8,211,708</u>	<u>(307,161)</u>	<u>164,453,977</u>
Accumulated depreciation:				
Land improvements	(1,154,596)	(58,024)		(1,212,620)
Structure and equipment	(8,138,172)	(1,430,747)		(9,568,919)
Water transmission and distribution	(28,994,253)	(2,402,891)		(31,397,144)
Vehicles and equipment	<u>(4,066,196)</u>	<u>(578,036)</u>	<u>307,552</u>	<u>(4,336,680)</u>
Total Accumulated Depreciation	<u>(42,353,217)</u>	<u>(4,469,698)</u>	<u>307,552</u>	<u>(46,515,363)</u>
Total Depreciable Assets, Net	<u>114,196,213</u>	<u>3,742,010</u>	<u>391</u>	<u>117,938,614</u>
Total Capital Assets, Net	<u>\$ 167,635,519</u>	<u>\$ 13,975,305</u>	<u>\$ (6,631,291)</u>	<u>\$ 174,979,533</u>

JURUPA COMMUNITY SERVICES DISTRICT
SCHEDULE OF CHANGES OF CAPITAL ASSETS FOR
ENTERPRISE FUNDS – WASTEWATER
June 30, 2015

Wastewater	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Non-depreciable assets:				
Land	\$ 267,840	\$	\$	\$ 267,840
Construction in Progress	<u>31,178,236</u>	<u>24,611,150</u>	<u>(14,927,975)</u>	<u>40,861,411</u>
Total Non-Depreciable Assets	<u>31,446,076</u>	<u>24,611,150</u>	<u>(14,927,975)</u>	<u>41,129,251</u>
Depreciable assets:				
Land improvements	124,329			124,329
Structure and improvements	37,407,925			37,407,925
Wastewater collection system	77,153,173	9,891,845		87,045,018
Vehicles and equipment	<u>1,933,065</u>	<u>166,114</u>	<u>(105,709)</u>	<u>1,993,470</u>
Total Depreciable Assets	<u>116,618,492</u>	<u>10,057,959</u>	<u>(105,709)</u>	<u>126,570,742</u>
Accumulated depreciation:				
Land improvements	(57,255)	(4,404)		(61,659)
Structure and improvements	(17,805,888)	(935,198)		(18,741,086)
Wastewater collection system	(18,935,905)	(1,817,793)		(20,753,698)
Vehicles and equipment	<u>(680,550)</u>	<u>(406,309)</u>	<u>243,428</u>	<u>(843,431)</u>
Total Accumulated Depreciation	<u>(37,479,598)</u>	<u>(3,163,704)</u>	<u>243,428</u>	<u>(40,399,874)</u>
Total Depreciable Assets, Net	<u>79,138,894</u>	<u>6,894,255</u>	<u>137,719</u>	<u>86,170,868</u>
Total Capital Assets, Net	<u>\$ 110,584,970</u>	<u>\$ 31,505,405</u>	<u>\$ (14,790,256)</u>	<u>\$ 127,300,119</u>

REPORT ON COMPLIANCE AND INTERNAL CONTROLS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Jurupa Community Services District
Jurupa Valley, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jurupa Community Services District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements and have issued our report thereon dated November 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 12, 2015

JURUPA COMMUNITY SERVICES DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2015

There were no findings related to basic financial statements for the year ended June 30, 2015.

JURUPA COMMUNITY SERVICES DISTRICT

STATUS OF PRIOR YEAR FINDINGS

June 30, 2015

There were no findings related to basic financial statements for the year ended June 30, 2014.